Department of Energy
Western Area Power Administration
Sierra Nevada Region
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July 22, 1997

Mr. Frank Piccola
CALFED Bay-Delta Program
1416 Ninth Street, Suite 1155
Sacramento, CA 95814

Subject: Preliminary Draft of Power Production and Energy Environmental Impacts Technical Report

Dear Mr. Piccola:

Below are Western Area Power Administration (Western) comments on the June 30, 1997 version of the "Preliminary Draft of Power Production and Energy Environmental Impacts Technical Report." These comments only address the most significant concerns.

Table 1 in the Executive Summary and most, if not all, of the other tables in the document give the impression that the impact data to be presented will roll both State Water Project (SWP) and Central Valley Project (CVP) numbers into one total figure, thus making it impossible to tell how much of an impact is to be associated with each Project. Since Bay-Delta Program decisions may affect each Project differently, the data should be separated.

Based on Section 3.2.2 dealing with assessment methods for "Capacity and Energy Generation Impacts During Operation," it appears that the capacity values to be calculated and used in the analyses are only based on the head of the respective reservoir. This, at least for the CVP, which is an energy-constrained system, does not correctly represent the true level of capacity. To correctly calculate the level of capacity, it is necessary to consider the amount of energy available to meet an assumed load shape. The first bullet on page 5 defines firm capacity as being based on average and instantaneous capacity during dry years. This is not a valid representation. At the bottom of page 5, it is noted that the incremental impacts are

based on the difference between values for capacity, which are based on maximum instantaneous capacity. As noted above, this is not a valid measure of capacity.

The explanation of how future power prices were determined, at the top of page 7, is incomplete. The text indicates that a number of values were studied or analyzed, but does not state how a final value was calculated. Since a CTC charge (middle of page 7) is only a temporary short-term charge and the analyses are long-term ones, why is this necessary? Also, the text seems to imply that the alternative price for replacement power for the CVP and the SWP will be the same. This is not necessarily correct, since the SWP is capable of pumping off-peak, while Western must meet its loads more on-peak. There is no acknowledgment of the time value associated with on- and off-peak energy. In a restructured environment, the on- and off-peak differential in energy pricing can be expected to be substantial as more fixed (capacity) charges are collected during the on-peak periods.

It is not clear how the application of Western power rates to Western power sales results in estimating the impact of the alternatives on the Restoration Fund (Section 3.5, first paragraph). In the competitive marketing environment evolving in California's restructured utility industry, effects on a given wholesale utility's power rates must be compared to wholesale market rates at the time, to determine if the power can be sold at a rate sufficiently high to support additional Restoration Fund costs. In a competitive marketing environment, if power costs exceed the market rate, either the power will not be sold, or the price will be reduced until there are purchasers willing to buy. Restoration Fund or other mitigation costs could make CVP power unsaleable, and this potential should be examined.

The report notes that DWRSIM was used to calculate project use power requirements (Section 3.6). At the present time, we are not sure this program is capable of calculating the full project use load for the CVP.

With respect to Section 3.6, the report does not state how increases in pumping loads will be allocated to the CVP and SWP systems. Without this information, it is not possible to determine impacts on CVP project use and power customers. The ongoing increase in pumping energy required could be a significant outcome of this process, with potential significant effects on the amount of power resources available to Western to market to its customers.

Section 3.7 deals with power costs and refers to power costs for M&I power customers. This phrase misapplies water terminology to the power industry. The last sentence in the first paragraph needs to be either stricken or rewritten. Why would an increase in power costs result in a customer turning to more expensive power options? The statement contained in the sentence is unclear and needs to be

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revised. The development of agricultural and M&I production budgets to assess potential impacts of changes in power prices on businesses is a concept which needs more explanation. Impacts on business are a result of Municipal and IOU rate levels, which in turn are partially impacted through changes in power rates which may result from the CALFED process.

The first sentence of Section 4 dealing with significance talks in terms of "... power shortages for existing power customers that receive energy from affected facilities ..." "Shortages" may not be the correct term. Reductions requiring power to be obtained from alternate sources might be more correct. Also, the draft is not clear as to the entity which is being used to measure cost impacts. Is it the intent of the study to measure impacts on the end-user (i.e., individual businesses), or is the intent to measure impacts on municipal power organizations such as SMUD? The description of how cost impacts are to be determined needs to be clarified.

Much of Section 5, addressing the impacts associated with each alternative, is generic or to be developed. Western notes that the format of the various tables does not allow for display of separate CVP and SWP power impacts. However, Tables 3, 4, and 5 which do separate project impacts seem to imply that CVP power customers can be regionalized. Changes in generation and/or pumping will impact all CVP power customers, not just those in the vicinity of the generation and pumping changes.

Much remains to be done to define how and what will be done to analyze power impacts. While this is a programmatic effort, the basic information which is being developed, in some cases, appears to be based on incorrect data, or, in other cases, the methodology is not fully developed or described. These concerns need to be addressed before the report can be considered sufficient to support an EIR/EIS.

Western appreciates this opportunity to submit comments and looks forward to working with you to complete this EIS/EIR.

Sincerely,

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Environmental Manager

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